

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON, D. C. 20224

Industry Circular No. 68- 7

March 6, 1968

DESIGNATING, RECORDING, AND REPORTING OF SPIRITS
OF THE CLASS AND TYPE DESIGNATIONS "LIGHT WHISKY"
AND "GRAIN SPIRITS" WHILE IN BOND

Proprietors of distilled spirits plants
and others concerned:

Purpose. The purpose of this industry circular is to announce the publication of a revenue ruling respecting the use of the designations "light whisky" and "grain spirits" for spirits while in bond.

Substance of ruling. Revenue Ruling 68-121, which will be published in Internal Revenue Bulletin No. 1968-10, dated March 4, 1968, reads as follows:

"Treasury Decision 6945 amended 27 CFR 5.21, among other things, by providing a new class and type designation 'grain spirits' (27 CFR 5.21(a)(2)), and a new class and type designation 'light whisky' (27 CFR 5.21(b)(11)). The amendatory language establishing such designations does not become effective until July 1, 1972.

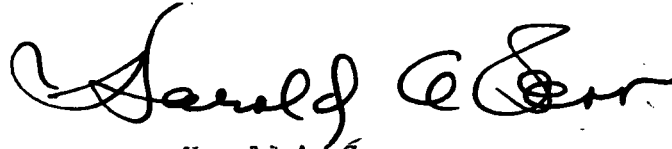
"Under 26 CFR 201.517(a), the class and type designations set forth in 27 CFR Part 5 are to be used, with certain specified exceptions, for identifying spirits as to kind for purposes of Part 201. Under 26 CFR 201.517(c), if a proprietor proposes to produce spirits for which a designation has not been prescribed, he shall apply to the Director, Alcohol and Tobacco Tax Division, for a designation for such spirits and they shall be branded accordingly.

"The Director has determined that distilled spirits coming within the class and type 'light whisky' as prescribed in 27 CFR 5.21(b)(11) shall, for purposes of identification while in bond, be designated as 'light whisky,' if produced on or after January 26, 1968. Accordingly, all such spirits shall be branded, recorded, and reported as 'light whisky.' No request for the use of such designation under 26 CFR 201.517(c) need be filed. Spirits produced prior to January 26, 1968, may not be so designated.

"26 CFR 201.517(a)(2) provides that the designation for neutral spirits shall include a word or phrase descriptive of the material from which the spirits were produced. Further, 26 CFR 201.517(a)(3) provides that spirits distilled at less than 190 degrees of proof which lack the taste, aroma, and other characteristics of whisky, brandy, rum, or gin, may be designated

'Spirits,' preceded or followed by a word or phrase descriptive of the material from which produced. Spirits coming within the classification of 'grain spirits' under 27 CFR 5.21(a)(2) would differ from those which could be so classified under 26 CFR 201.517(a)(3). Therefore such spirits, i.e., those which will be designated as 'grain spirits' under 27 CFR 5.21(a)(2), shall, for purposes of identification while in bond, be designated as 'neutral spirits--grain' in accordance with 26 CFR 201.517(a)(2). The date of production will be relied on in determining the eligibility of such spirits to a designation on labels as 'grain spirits' on and after July 1, 1972, the effective date of the amendment."

Inquiries. Inquiries concerning this industry circular should refer to its number and be addressed to the appropriate Assistant Regional Commissioner, Alcohol and Tobacco Tax.

A handwritten signature in dark ink, appearing to read "Harold A. Serr". The signature is fluid and cursive, with the first name "Harold" being more prominent and the last name "Serr" following in a similar style.

Harold A. Serr
Director, Alcohol and Tobacco Tax Division